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Chief, Economic Research Area, CRR

24 November 1955

Chief, Industrial Division, CRR

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12 November Proposal of [REDACTED] for the Creation  
of a Senior Planning and Review Board in ERA

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1. [REDACTED] memorandum has the merit of initiating a discussion of important ERA procedures and practices. The raising of these questions is highly desirable if the area is to continue to adapt to changing responsibilities and to benefit from its own past experience.

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2. [REDACTED] discussion of these problems, however, demonstrates a disturbing misapprehension of the operation of the division offices and the office of the Chief of Economic Research. If [REDACTED] understanding of how and why these things are done is typical of the senior personnel in the ERA, then his memorandum, apart from the merits of its immediate proposals, indicates strongly the need for greater education of ERA personnel on what we do, why we do it, and how it is done.

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### 3. The Proposed Senior Planning and Review Board

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The division chiefs, through the medium of the ERA staff meeting, already constitute an informal advisory board. Individually and collectively they assist Chief, ERA in the making of ERA policy as a whole, the planning of the research program, the review and coordination of finished research, relations with consultants, the handling of personnel problems, and other matters. On subjects of common concern, such as [REDACTED] proposal, they are consulted collectively. On specialized problems one or more division chiefs are consulted, as appropriate. Therefore, the machinery suggested by [REDACTED] already exists. In the following paragraphs reference is made to the use of this mechanism for the purposes recommended by [REDACTED]

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### 4. Over-all Research Planning

The ERA research program is presently generated in the branches, with guidance from the division chiefs. The program is subject to the review and approval of Chief, ERA. No formal effort is now made to give a common theme to the program for any year. Advance discussion by the ERA staff meeting in order to assist Chief, ERA in the development of guide lines for the uses of the

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branches in program planning is a good idea and should be adopted in the planning of the FY 61 program. Branches should continue to coordinate proposed projects with other components in accordance with present practice. The draft program for the area should be submitted to the ERA staff meeting for discussion and comment. Final approval should follow review by Chief, ERA, as at present.

**5. Terms of Reference for NIE's**

Formal consultation with OME on terms of reference is impractical and of no great importance. Informal consultation is already the practice and in most cases need not concern the division chiefs as a group because of the comprehensive nature of OME's terms of reference. Terms of reference for the ERA contributions to area-wide estimates are often coordinated informally after discussion at various levels, including that of the area staff meeting. This kind of discussion should be further encouraged.

**6. The Review of Finished Research**

**a. Responsibility**

As operating head of the division it is the responsibility of the division chief to review its product, regardless of whether it is a contribution to an NIE, an IES, or other major project. Therefore the proposal to bypass this review is inconsistent with good administration. The interest of other components in certain projects is presently recognized and provided for by coordination procedures, although clarification of these procedures would be worthwhile.

**b. NIE's**

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[REDACTED] appears to be primarily concerned with the coordination of NIE's, to which it appears his branch devotes a major part of its effort. Obviously unhappy about the present method of reviewing NIE's, he proposes to transfer this responsibility from the action division to the division chiefs collectively. Viewing this problem in terms of the activities of his own branch he fails to recognize that:

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(1) Many NIE contributions are of less than area-wide interest (11-2, 11-5, 11-8, 11-60).

(2) The branch contributions to the major NIE's (11-4 and 13-59) are so bulky and detailed as to tax the time, interest, and competence of the division chiefs.

(3) The division chiefs have the opportunity to review contributions originating in or coming into their own divisions and to hear the views of their analysts in defense of their contributions.

(4) As a rule the division chiefs now consult extensively over the parts of draft contributions in which they have an interest.

(5) Drafts of the coordinated contributions (the IP's) are circulated widely in ERA for division and branch comment.

(6) The ERA staff meeting is available as a vehicle in which to discuss the IP. This medium could be used to greater effect to discuss NIE contributions of area-wide interest.

c. Branch Initiated Projects

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Although [REDACTED] ignores the review of the branch initiated ER and RA type of report, it should be noted that most of these projects are primarily of interest to the division in which they originate. It is therefore the responsibility of this division chief to review such projects. Experience shows that most branch projects benefit greatly from divisional review. It is at this point that the analyst should and generally does have the opportunity to defend his project. It is difficult to believe that [REDACTED] intends that such 25X1A9a reports be circulated simultaneously to the division chief's prior to review by the chief of the originating division. When such a report concerns more than one division, coordination can be handled as proposed above for other projects affecting the interest of more than one branch.

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**7. Operational Responsibility for the Branches**

The suggestion that the division chief's be relieved of operating responsibilities in order to serve as a substantive review board has already been disposed of since it has been indicated that by and large they are now performing review and consultative functions in the areas of their interest and responsibility and in fact do constitute an advisory group to Chief, EEA. The question of whether the division chief's therefore render a useful function in relation to the branches can therefore be entertained on its own merits. Do the branches require the degree and quality of supervision which they now receive from the division chief's? On the score of the review of the branch research product, the guidance of branch planning, the complexity of branch personnel problems, and numerous other subjects, it is clear that the branches need at least the degree of supervision which they presently receive from their division chief's. Is it conceivable within the principles of administration that Chief, EEA, the review board, and the central staffs can provide equally effective supervision over a span of control multiplied many times its present size? Perhaps relief from operating responsibility might in some respects appear attractive to the present division chief's. It should be remembered, however, that apart from their native competence, which is undoubtedly high, their value for review purposes derives from their substantive knowledge as operating heads of functional divisions and will diminish rapidly if they are relieved of these responsibilities. The suggestion that the divisional deputies could administer the divisions ignores the fact that for the most part the deputies are also substantive. Their current role is not merely executive in nature, but consists of sharing in the substantive direction of the research program of their division. Finally, the withering away of the divisions would overwhelm Chief, EEA with administrative problems and deprive him of the substantive support which he now receives from the division chief's as well-briefed operating heads of their functional organizations.

**8. Conclusions and Recommendations**

a. Measures be taken to better acquaint EEA personnel with the procedures for the planning and review of the research program.

b. It is unnecessary to create a new Planning and Review Board since the EEA staff meeting now performs many of the

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functions that would be assigned to the proposed board.

c. It is suggested that the ERA staff meeting be used more advantageously to:

- (1) Advise Chief, ERA in the establishing of periodic guide lines for the use in program planning.
- (2) Discuss the draft of the annual ERA research program before final approval by Chief, ERA.
- (3) Consider informally ERA terms of reference for area-wide projects.
- (4) Discuss area-wide contributions to National Estimates prior to their approval by Chief, ERA.

d. Of the divisions it may be said:

- (1) Good administrative practice requires that the division chiefs continue to review the research product of their own division.
- (2) Transfer of operating responsibility over the branches from the division chiefs to Chief, ERA and DIA would overextend the span of control and is contrary to good administrative practice.
- (3) The substantive competence of the division chiefs depends on their continuing to have operational responsibility for their branches.

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